



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 65-40 – Board of Funeral Directors and Embalmers/Department of Health Professions Regulations Governing the Resident Trainee Program in Funeral Services May 8, 2002

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 9-6.14:7.1.G of the Administrative Process Act and Executive Order Number 25 (98). Section 9-6.14:7.1.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The proposed changes will require the funeral service supervisors to provide training to resident trainees in making preneed funeral arrangements and instruction on rules related to preneed contracts and disclosures.

Estimated Economic Impact

These regulations contain rules for registration, renewal, reinstatement of funeral service resident trainees and rules for trainees in such programs, training sites, reporting, and supervision of trainees. The proposed change will expand the supervisor's responsibilities to provide training to resident trainees in preneed funeral arrangements, contracts, and disclosures. The training will include writing preneed contracts, filling out the forms, financing of services, trust requirements, and consumer information disclosures.

Resident trainees are required to take an examination to be a funeral service licensee. The candidates are expected to know federal and state laws related to preneed and are tested, among other subjects, on preneed funeral arrangements, contracts, and disclosures. Some of the trainees, however, may not receive training and education in preneed if the funeral establishments where the trainee is working do not offer preneed funeral services. According to Department of Health Professions (the department), the lack of training may have resulted in failure of some candidates on the funeral exam and handicapped some new licensees who do not have knowledge in preneed services.

With the proposed changes, the supervisor will be required to arrange for preneed training if the preneed training is not currently provided or arranged. Thus, supervisors working at establishments that do not offer preneed services will be affected. The department indicates that of the supervisors who are working at facilities that do not offer preneed services, most are currently arranging for the trainee to receive the preneed training. The number of the cases where preneed training is not arranged is not known but believed to be small relative to the number of facilities that do not offer preneed services.

The supervisors in these cases will likely have several options to arrange for preneed training. A supervisor may be able to arrange for the trainee to work temporarily at an establishment that offers preneed services. The training program is similar to apprenticeship and compensation is offered for the work performed by the trainee. Conversations with a funeral business owner indicate that it is unlikely for other establishments offering preneed services to accept such temporary arrangements. An alternate and probably the most used arrangement is expected to be with companies that offer preneed insurance and trusting services. The department indicates that in some cases these companies already send their representatives to funeral establishments to offer training in preneed services free of charge and believes that there should be no problems with getting a company trainer to come to the facility because the company would have a chance to make contact with a potential funeral director who may choose to do business with them in the future. Although insurance and trust companies are expected to meet the needs of supervisors arranging preneed training, it cannot be ruled out that a supervisor may have to pay a trainer to provide the training.

The costs of the proposed preneed training requirement will depend on the type of the arrangements made. In most likely scenario where an insurance or trust company trainer provides training, the trainees are expected to receive training free of charge. In this case, there does not seem to be significant costs to the funeral facility. Since the training will be provided voluntarily, there does not seem to be net costs to the insurance or the trust company either. However, regardless of the type of arrangements, the trainee time that will be devoted to preneed education appears to be the main cost associated with this requirement. According to a funeral service provider, it would take about two days to provide preneed education in a classroom setting.

On the other hand, the proposed preneed training is likely to benefit the trainees, the funeral service customers, and the establishments hiring newly licensed providers if the training can be arranged. First, the preneed training may improve some of the candidates' success on the funeral examination and make it possible for them to get their licenses and start receiving higher compensation. Second, it will likely improve some of the trainees' performance in dealing with preneed services after they obtain a license to offer funeral services. Customers stand to benefit from this requirement because preneed training may afford additional consumer protection for them. A licensed practitioner with preneed training is less likely to make mistakes in preneed services out of ignorance. Inappropriate handling of preneed funding and misinterpretation of services that will be provided are examples of potential mistakes. Also, if the mistakes are reduced, funeral service providers will less likely to be out of compliance with federal and state laws and to face civil court cases associated with preneed services.

Businesses and Entities Affected

The proposed changes will apply to the resident trainees in funeral services and the funeral service licensees who are trainee supervisors. Currently, there are about 156 registered trainees in the Commonwealth. The number of trainee supervisors is not known, but must be less than 156 because a supervisor cannot supervise more than two trainees.

Localities Particularly Affected

The proposed regulations apply throughout the Commonwealth.

Projected Impact on Employment

The proposed changes are not expected to have a significant impact on employment.

Effects on the Use and Value of Private Property

No significant impact on the use and value of private property is expected.